

NEWS RELEASE

FOR IMMEDIATE RELEASE
SEPTEMBER 12, 2002

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DeNUCCI URGES STATE AGENCIES TO STEP UP RECOVERY OF MISSPENT FUNDS FROM PROVIDERS

State Auditor Joe DeNucci, in an audit released today, urged state agencies to intensify their efforts to recoup public funds that have been improperly spent by human service providers.

DeNucci's report, which reviewed follow-up actions in response to 27 recent provider audits, found that of \$3.8 million in misused state funds recommended for recovery, more than \$1 million has been returned to state coffers and another \$1.5 million is being recouped. While stating that he is encouraged by this rate of recovery, DeNucci called on state agencies to do even more, noting that another \$420,000 in misused public funds has yet to be recouped.

Of the funds that remain unrecovered, DeNucci said as much as \$320,000 of that amount was lost because agencies never developed corrective action plans in response to his audits. Additionally, DeNucci detailed four instances where agencies agreed to settle for a total of almost \$85,000 less than the figure recommended for recovery by his office.

The report found that only three of the 10 agencies reviewed had established policies and procedures to comply with audit resolution directives by the state's Operational Services Division, which oversees contracts with human service vendors. Another six agencies were making an effort to comply, but officials at one agency said they were not aware of the policy.

DeNucci urged the funding agencies to work closely with OSD, which has offered training assistance to any agencies that are still unfamiliar with the audit resolution policy.

"I am pleased that my audits have resulted in the recovery of a substantial amount of state funds that were spent improperly by contractors," said DeNucci. "But there is still much work to be done. I am hopeful that all of these state agencies will soon have procedures in place to ensure that human service providers spend public funds only on programs that benefit their clients."

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In addition to outlining how agencies should respond to audits by DeNucci's office as well as by private accounting firms and the funding agencies themselves, the OSD policy seeks to eliminate deficiencies that lead to the problems identified in audits.

The 10 agencies reviewed in DeNucci's report were the Departments of Social Services, Mental Health, Public Health, Mental Retardation, Education, Transitional Assistance, Veterans' Services, and Housing and Community Development, the Office of Child Care Services, and the Executive Office of Elder Affairs.

Oversight of human service vendors has been a top priority of DeNucci, who, before becoming State Auditor, was House Chairman of the Legislature's Committee on Human Services and Elderly Affairs.